

DISABILITY INSURANCE PROGRAM FREQUENTLY ASKED QUESTIONS (FAQ)

Section 3 - Long Term Disability (LTD) Program (Effective October 1, 2014)

Disclaimer—

If there is any conflict in interpretation between the FAQ's and the Short-Term Disability (STD) and Long-Term Disability (LTD) program contract provisions and existing law, the contract provisions and/or law govern.

Q 3.0 What is a Long Term Disability (LTD) program and how is it defined in the policy?

A 3.0 By definition, Long Term Disability programs provide enrolled individuals with partial income replacement for a long period of time should the individual become disabled due to a covered accident, sickness or pregnancy. In the LTD program sponsored by the State of Delaware and insured by The Hartford, benefits begin on the 183rd calendar day of covered and approved disability and continue for 24 months or until the individual is able to perform the essential duties of their occupation. After 24 months, LTD benefit payments can continue if the individual is unable to perform the essential duties of any occupation.

Q 3.1 What disabilities are not covered in the LTD program?

A 3.1 The LTD program does not cover:

- injury, sickness, mental illness, substance abuse or pregnancy not under the regular care of a physician;
- disability that is caused or contributed to by war or act of war (declared or not);
- disability caused by commission of or attempt to commit a felony, or to which a contributing cause was the individual being engaged in an illegal occupation;
- disability caused by or contributed to by an intentionally self-inflicted injury;
- if the individual is receiving or are eligible for benefits for a disability under a prior disability plan that:
 1. was sponsored by an employer; and
 2. was terminated before the effective date of this plan.
- Disabilities due to mental illness and substance abuse beyond 2 years.

Q 3.2 When can individuals apply for LTD benefits?

A 3.2 Before the end of the individual's STD benefit period, The Hartford will send an LTD application to the individual's home to complete and return to The Hartford for benefit consideration. Shortly before the end of the STD benefit period, the employing organization's human resources office will send a letter to the individual's home advising of continued eligibility for enrollment in a health care plan sponsored by the State of Delaware along with the applicable health enrollment form(s). The individual must fully complete the enrollment forms and return them to the Pension Office for processing in order to be enrolled in a health care plan sponsored by the State of Delaware, with state share or double state share as applicable, upon the commencement of LTD benefits.

Q 3.3 When do LTD benefit payments commence?

A 3.3 If approved by The Hartford, LTD benefits commence when the elimination period has been exhausted. The elimination period is the last to be satisfied of the following:

- The 1st 182 consecutive calendar day(s) of any one period of disability, or
- The exhaustion of the 182 calendar day STD benefit period.

Q 3.4 What is the LTD benefit payment?

A 3.4 The LTD benefit payment will be 60% of the individual's pre-disability earnings (at the onset of disability), including hazardous duty pay if applicable, up to a maximum monthly payment of \$8,000 paid on a monthly basis by The Hartford.

Q 3.5 What is the minimum LTD benefit payment?

A 3.5 The minimum monthly benefit will be the greater of \$100 or 10% of the gross benefit based on monthly income loss before the deduction of other income benefits.

Q 3.6 What is the maximum monthly LTD benefit payment?

A 3.6 The maximum monthly payment will be \$8,000.

Q 3.7 Can the LTD benefit payment be supplemented with available paid leave?

A 3.7 No. Generally, individuals receiving LTD benefits are no longer actively employed by the State of Delaware. Individuals who work part time while on LTD will accrue annual and sick leave on a prorated basis.

Q 3.8 What is the maximum duration that LTD benefits are payable?

A 3.8	<u>Age when disabled</u>	<u>Benefit duration</u>
	Prior to age 60	To age 65
	60	60 months
	61	48 months
	62	42 months
	63	36 months
	64	30 months
	65	24 months
	66	21 months
	67	18 months
	68	15 months
	69+	12 months

Note: This program has a maximum LTD benefit paying period of 24 months per lifetime when disability is a result of mental condition, alcoholism or substance abuse and the individual is not confined as an inpatient.

Q 3.9 Is there a Pre-existing Conditions Limitation in the LTD program?

A 3.9 For employees hired on or after January 1, 2006, no LTD benefit will be payable for any disability that is due to, contributed by, or results from a pre-existing condition unless such disability begins:

- After the last day of 12 consecutive month(s) enrolled in DIP in which the individual receives no medical care for the pre-existing condition, or
- After the last day of 12 consecutive month(s) during which the individual has been continuously enrolled in DIP.

Q 3.10 What happens if an individual recovers during the LTD elimination period then becomes disabled again?

A 3.10 Periods of recovery during the elimination period will not interrupt the elimination period, provided the number of days the individual returns to work after being rehired or the individual's employment is reinstated by the State of Delaware as an active full-time employee are less than 45 calendar days.

Q 3.11 What happens if an individual recovers after the LTD elimination period then becomes disabled again?

A 3.11 Once an individual has completed the elimination period and has been rehired as an active, full-time employee and experiences a recurrent disability due to the same or related cause within 6 months of the return to work, the individual will be required to file a new STD claim while on a recurrent LTD claim.

Q 3.12 What deductions are taken from the monthly LTD benefit payment?

A 3.12 In addition to requested federal tax deductions, health care premiums will automatically be deducted from monthly LTD benefit payments by The Hartford and forwarded to the Office of Pensions for processing. Please contact the Office of Pensions directly at (302) 739-4208 or (800) 722-7300 if you have questions regarding the amount and/or frequency of health care deductions as an LTD beneficiary.

Q 3.13 Who is responsible for preparing and submitting a pension application for individuals transitioning from STD to LTD?

A 3.13 The individual's employing Human Resources office will submit an electronic vested pension application to the Office of Pensions at the time of transition from STD to LTD if such a transition occurs.

Q 3.14 How does an individual maintain or elect health care while receiving LTD benefits from The Hartford?

A 3.14 Prior to the commencement of LTD benefits, the individual's Human Resource office will provide "Transitioning to LTD" documents which will provide the opportunity for the individual to continue, make changes or decline health care coverage.

Q 3.15 If an individual is approved for LTD benefits by The Hartford, is there a requirement to apply for Social Security disability?

A 3.15 Yes. Pursuant to 29 Del.C. §5253 (c)(4) of the Delaware Code, individuals receiving LTD benefits are required to apply for Social Security disability benefits within 45 days from the request to do so. If denied by the Social Security Administration, the individual is required to follow and exhaust the Social Security appeals process.

Q 3.16 Can an individual receive LTD benefits and collect a service pension benefit?

A 3.16 No. Individual's may apply for and receive Long Term Disability benefits or opt to begin collecting a service pension benefit, if eligible, with applicable accompanying fringe benefits such as health insurance.

Q 3.17 If an individual goes out on LTD before converting to a service pension, will the individual be required to pay state share of health care costs?

A 3.17 Once someone converts to a service pension, the State share cost of health insurance will be based on the individual's accrued years of service and date of hire at the time of retirement.

Q 3.18 What happens to accrued annual and sick leave after LTD benefits commence?

A 3.18 There are two options to consider:

1. Escrow Leave. Prior to the commencement of LTD benefits, individuals may make a written request to escrow accrued annual and sick leave for a period of six months.
2. OR Payout of Leave. Upon the commencement of LTD benefits, individuals are eligible to receive a payoff of accrued unused sick leave based on the rules in place by the employing organization.

If Option #1 is chosen, leave will be escrowed for a maximum period of 6 months. Once an individual has returned to full-time State employment in a benefit eligible position for 30 calendar days within the 6 month escrow period, leave balances will be returned. If the individual does not to return to full-time State employment as stipulated, leave will be paid out based on the rules in place by the employing organization.

If Option #2 is chosen, upon commencement of LTD benefits leave will be paid out based on the rules in place by the employing organization. Should an individual subsequently return to full-time State employment in a benefits eligible position, the leave balance will be zero.

Individuals continue to earn pension creditable service, and if the individual chooses to continue to participate in the State's health care program, the State will continue to pay state share or double state share for medical insurance. The individual is no longer eligible for holiday pay, leave accrual or any other leave. NOTE: Individuals will receive a 1099 form instead of a W-4.

- Q 3.19 What recourse do you have if The Hartford denies your LTD claim and/or an extension of LTD benefits?**
- A 3.19 Within 180 days of the denial of LTD benefits or the denial of an extension of LTD benefits by The Hartford, you or your representative may file a written appeal directly to The Hartford for a full and fair review. The Hartford will make a decision no more than 45 days after they receive your appeal unless they determine special circumstances exist that require an extension of time to process and review your disability file. If your appeal requires an extension of time for a full and fair review, The Hartford will make a decision no more than 90 days after receiving your written appeal. The Hartford's written appeal decision will include specific references to State of Delaware's LTD policy provisions on which the decision is based.**

- Q 3.20 Once individuals begin receiving LTD benefits, are they eligible to withdraw pension contributions since employ with the State of Delaware would have ended?**
- A 3.20** The pension benefit and the Disability Insurance Program are separate benefits. The STD benefit is paid by the State of Delaware and is pension creditable compensation and as such, will be subject to pension contributions. At the point that an individual begins receiving LTD benefits paid by The Hartford, the individual can terminate their membership in the State Employees' Pension Plan (SEPP) by withdrawing contributions. However, the additional pension service credit stops and the individual will forfeit their right to a service pension benefit (and all accompanying benefits such as health care) after the LTD benefit ceases.
- Q 3.21 Are Non-Medicare, Non-employed LTD beneficiaries eligible to receive the *DelaWELL* Rewards (Incentives)?**
- A 3.21** No, eligible members who earn the incentive must be part of the Group Health Insurance Program and actively receiving a paycheck or pension check at the time of payment.

Questions?

Please contact the Statewide Benefits Office Customer Service Unit by telephone at (302) 739-8331 or (800) 489-8933 or by email at benefits@state.de.us.